

30 April 2009

Produced and issued by: ABN AMRO Morgans Limited*

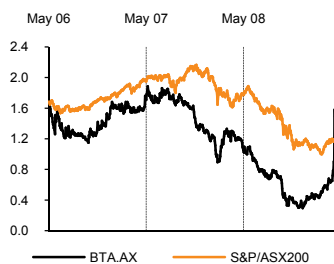
News flow

Trading Buy

Price
A\$1.40Long term (12 months)
Hold

Price performance

	(1M)	(3M)	(12M)
Price (A\$)	0.60	0.49	1.05
Absolute (%)	133.3	188.7	32.7
Rel market (%)	131.9	175.5	101.3
Rel sector (%)	137.1	246.4	73.3

Market capitalisation
A\$225.72m (US\$161.14m)Average (12M) daily turnover
A\$0.50m (US\$0.37m)RIC: BTA.AX, BTA.AU
Priced intra-day 30 Apr 2009.
Source: Bloomberg

Analyst

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Biota Holdings

BTA.AX - Trading Buy OPEN

We initiate a Trading Buy with an indicative close range of A\$1.47-1.50 (5-7% above the current price). Overnight the World Health Organisation (WHO) upgraded its warning on the swine flu outbreak to Phase 5 Alert, indicating a pandemic is imminent. Biota would be a major beneficiary of any increase in Relenza sales.

Key forecasts

	FY07A	FY08A	FY09F	FY10F	FY11F
EBITDA (A\$m)	16.6	-9.78	25.7	25.9	22.0
Reported net profit (A\$m)	20.2	-6.49	23.9	24.7	21.6
Normalised net profit (A\$m)	20.2	-6.49	23.9	24.7	21.6
Normalised EPS (c)	11.2	-3.79	14.0	14.4	12.6
Normalised EPS growth (%)	n/a	n/a	n/a	3.38	-12.6
Dividend per share (c)	0.00	0.00	0.00	0.00	0.00
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00
Normalised PE (x)	12.5	n/m	10.0	9.69	11.1
EV/EBITDA (x)	9.85	n/m	5.79	4.73	4.52
Price/net oper. CF (x)	12.0	49.7	13.3	8.58	9.56
ROIC (%)	1506	-93.4	492.2	156.5	147.7

Pre non-recurring items and post preference dividends

year to Jun, fully diluted

Accounting standard: IFRS

Source: Company data, ABN AMRO forecasts

WHO issue Phase 5 Alert

WHO has issued a Phase 5 Alert for swine flu. Phase 5 is characterised by human-to-human spread of the virus into at least two countries in one WHO region. While most countries will not be affected at this stage, the declaration of Phase 5 is a strong signal that a pandemic is imminent and that the time to finalise the organisation, communication, and implementation of planned mitigation measures is short.

Capacity of Relenza to be increased

Recently we increased our long-term DCF valuation from A\$1.16 to A\$1.41 to reflect an increase in expected production of Relenza by GlaxoSmithKline (GSK), which has announced plans to increase its production of Relenza to help treat the spread of swine flu. Our forecasts of royalty revenue to Biota of A\$42m for FY09 and A\$49m for FY10 may prove conservative.

Additional information

RBS Equities may take a position in the market as a result of this Alert. This will only occur after an appropriate delay following the Alert's publication. The delay before trading is aimed at allowing sufficient time for our clients to act. RBS Equities may subsequently exit any such position after the publication of a closing Alert, or at either 1) the end of 60 days, or 2) upon the stock reaching the stated indicative close range. For a complete description of the RBS Equities Analyst Alert and Trade Process, please visit www.abnamroresearch.com/Disclosure/AlertDisclosure.htm.

Important disclosures can be found in the Disclosures Appendix.

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Recommendation structure

Absolute performance, short term (trading) recommendation: A Trading Buy recommendation implies upside of 5% or more and a Trading Sell indicates downside of 5% or more. The trading recommendation time horizon is 0-60 days. For Australian coverage, a Trading Buy recommendation implies upside of 5% or more from the suggested entry price range, and a Trading Sell recommendation implies downside of 5% or more from the suggested entry price range. The trading recommendation time horizon is 0-60 days.

Absolute performance, long term (fundamental) recommendation: The recommendation is based on implied upside/downside for the stock from the target price. A Buy/Sell implies upside/downside of 10% or more and a Hold less than 10%. For UK Small/Mid-Cap Analysis a Buy/Sell implies upside/downside of 10% or more, an Add/Reduce 5-10% and a Hold less than 5%. For UK-based Investment Funds research the recommendation structure is not based on upside/downside to the target price. Rather it is the subjective view of the analyst based on an assessment of the resources and track record of the fund management company. For listed property trusts (LPT) or real estate investment trusts (REIT) the recommendation is based upon the target price plus the dividend yield, ie total return.

Performance parameters and horizon: Given the volatility of share prices and our pre-disposition not to change recommendations frequently, these performance parameters should be interpreted flexibly. Performance in this context only reflects capital appreciation and the horizon is 12 months. Sector relative to market: The sector view relative to the market is the responsibility of the strategy team. Overweight/Underweight implies upside/downside of 10% or more and Neutral implies less than 10% upside/downside. Target price: The target price is the level the stock should currently trade at if the market were to accept the analyst's view of the stock and if the necessary catalysts were in place to effect this change in perception within the performance horizon. In this way, therefore, the target price abstracts from the need to take a view on the market or sector. If it is felt that the catalysts are not fully in place to effect a re-rating of the stock to its warranted value, the target price will differ from 'fair' value.

Distribution of recommendations

The tables below show the distribution of ABN AMRO's recommendations (both long term and trading). The first column displays the distribution of recommendations globally and the second column shows the distribution for the region. Numbers in brackets show the percentage for each category where ABN AMRO has an investment banking relationship.

Long Term recommendations (as at 30 Apr 2009)

	Global total (IB%)	Asia Pacific total (IB%)
Buy	436 (5)	275 (0)
Add	0 (0)	0 (0)
Hold	398 (1)	248 (1)
Reduce	0 (0)	0 (0)
Sell	182 (2)	111 (1)
Total (IB%)	1016 (3)	634 (0)

Source: ABN AMRO

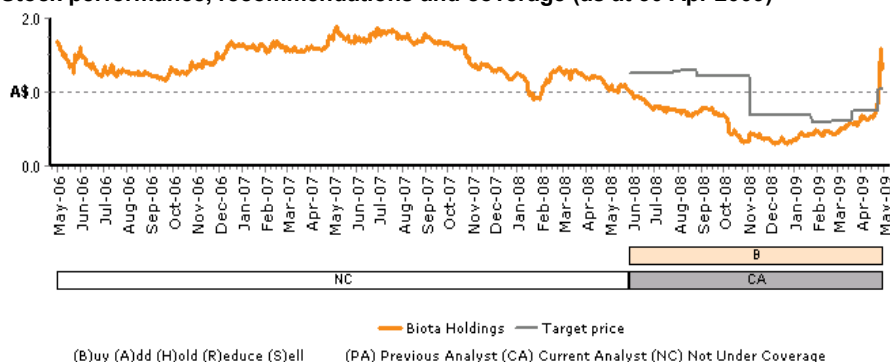
Trading recommendations (as at 30 Apr 2009)

	Global total (IB%)	Asia Pacific total (IB%)
Trading Buy	2 (0)	2 (0)
Trading Sell	3 (0)	3 (0)
Total (IB%)	5 (0)	5 (0)

Source: ABN AMRO

Biota coverage data

Stock performance, recommendations and coverage (as at 30 Apr 2009)



Trading recommendation history

Date	Rec	Analyst
n/a	n/a	n/a

Source: ABN AMRO

Scott Power started covering this stock on 27 May 08
New recommendation structure from 7 November 2005
Source: ABN AMRO

Regulatory disclosures

None

Global disclaimer

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